

CITY OF SAN JOSÉ

PARKS, RECREATION
& NEIGHBORHOOD SERVICES DEPARTMENT

HEALTHY NEIGHBORHOODS VENTURE FUND
SERVICE GRANTS

POLICY AND PROCEDURES MANUAL

JULY 2007

PURPOSE OF THE POLICY AND PROCEDURES MANUAL

This document sets forth policies and procedures for Recipients funded by the City of San José's Healthy Neighborhoods Venture Fund (HNVF) grant program.

Recipients (sometimes referred to as "grantees") are organizations that are provided HNVF funds by the City for use in carrying out eligible, agreed-upon activities. Recipients may include the following entities:

Governmental Non-Profits are public agencies, commissions, or authorities that are **independent** of the City government (e.g., the Housing Authority or the County of Santa Clara).

Private Non-Profits are usually, but not always, corporations, associations, or agencies with non-profit status under the Internal Revenue Code (Section 501(c)(3)), with a Board of Directors and an Executive Director in charge of daily administration. Examples of private non-profits include private social services agencies such as job training, counseling or day care providers, community development corporations, and operators of homeless shelters.

City of San José Programs are projects or programs operated by the City of San José.

Private corporations are for-profit organizations incorporated for business in the State of California and licensed to do business in the City of San José.

This manual is neither intended to be all-inclusive nor so restrictive that it cannot be amended.

In addition to outlining procedures to be followed by Recipients, this manual includes copies of forms needed to implement agreements and receive payments. The form numbers are the same as the section numbers listed in the Table of Contents for easy reference. These forms are revised each year. The contact person for the project will receive copies of the most current form with your contract. Please make copies of those current forms when reporting. If necessary, copies can be made of the sample forms in this manual.

REFERENCE INFORMATION

Each HNVF-funded project is assigned a project identification number. The project number is used to catalogue all information relating to the project's program and financial file. When calling the HNVF office with questions about the project, it may be useful to provide the project number for quick reference and faster customer service. Write the project number in the space below:

Project #: _____

Project Name: _____

Agency: _____

In addition, you should be aware of the dates listed below. Fill in this information using your Grant Agreement for easy reference.

Original Year of Funding: _____

Term of Contract: _____

**PRNS ADMINISTRATIVE SERVICES DIVISION, GRANTS UNIT
HNVF POLICY AND PROCEDURES MANUAL**

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1.00 GENERAL OBLIGATIONS OF THE FUNDED ORGANIZATION

PURPOSE

To list the information required from an Organization that contracts with the City of San José.

BACKGROUND

The City must be assured that an organization is qualified to perform certain community services.

POLICY

It is the policy of the City that prior to implementation of the project, the organization shall provide the City with the following:

- a. Articles of incorporation under the laws of the State of California;
- b. A copy of current by-laws;
- c. Documentation of Internal Revenue Service Non-profit Status under Section 501(c)(3) of the Federal Code, except for other than non-profit organizations;
- d. For-Profit agencies only: Proof of business license;
- e. Names and addresses of current members of the Board of Directors;
- g. If the organization has one, an independent audit of the most recently completed fiscal year and a management letter if one was issued;
- h. A signed copy of the EMPLOYEE/VOLUNTEER CLEARANCE VERIFICATION;**
- i. A signed copy of the Healthy Neighborhoods Venture Fund Certificate of Authority.**

If the organization is using a Fiscal Agent, the organization acting as Fiscal Agent must submit all of the above documentation, including its most recent financial audit.

After implementation of an agreement with the City, the funded organization shall do the following:

- a. Report immediately any changes in the organization's articles of incorporation, by-laws, or tax-exempt status to the Deputy Director of Administrative Services or designee, Department of Parks, Recreation and Neighborhood Services;
- b. Maintain no member of the Board of Directors as a paid employee, agent, or subcontractor under this agreement;
- c. Include on the Board of Directors representation from the broadest possible cross-section of the community, including those with expertise and interest in the organization's services, representatives from community organizations interested in the organization's services, and users of the organization's services;

- d. Open to the public all meetings of the Board of Directors, except meetings, or portions thereof, dealing with personnel or litigation matters;
- e. Keep minutes of all regular and special meetings of the Board of Directors and, upon approval, forward copies to the Deputy Director of Administrative Services or designee, Department of Parks, Recreation and Neighborhood Services; and
- f. Have a regular meeting of the Board of Directors at least once every three (3) months.

1.10 Tobacco Control Policy

PURPOSE

To list the tobacco control requirements for Recipients of HNVF grants.

BACKGROUND

The City of San José's HNVF grant program seeks to invest in "healthy neighborhoods for future generations." One of the goals of the program is to decrease the use of tobacco products and related health problems associated with tobacco use for San José residents. In support of this goal, the City Council adopted the tobacco control policies listed below for programs funded by HNVF.

POLICY

It is the policy of the City that Recipients of HNVF grants will observe the following tobacco control policies:

1. Disclosure of Tobacco Company Contributions. This policy precludes the award of HNVF funds to applicants who receive or solicit funds, goods, or services from tobacco companies or their parent companies. It does not preclude the award of HNVF funds to applicants who receive or solicit funds, goods, or services from subsidiaries of tobacco companies.
2. Fund Acknowledgement. This policy requires HNVF-funded programs to acknowledge the receipt of funds from the City of San José HNVF Program and allows programs that receive contributions from subsidiaries of tobacco companies to acknowledge receipt of funds from the subsidiary only, not the parent company, in printed and other materials.

A list of publicly traded tobacco companies in the United States is provided in Section 1.11.

"Contributions" is defined as financial contributions, sponsorships, gifts, or services from any tobacco company, its parent company, or its subsidiaries (including but not limited to those entities listed in Section 1.12).

1.11 Publicly Traded Tobacco Companies in the United States

1. Brooke Group Ltd. (formerly Liggett & Meyers) - cigarette manufacturer
2. DIMON Inc. - leaf tobacco processor
3. General Cigar Holdings Inc. - cigar manufacturer and cigar club operator
4. Loews Corporation - cigarette manufacturer
5. Philip Morris Companies, Inc. - cigarette manufacturer
6. RJ Reynolds Tobacco Holdings Inc. - cigarette manufacturer
7. Schweitzer-Maduit Int'l. Inc. - reconstituted tobacco manufacturer
8. Standard Commercial Corporation - leaf tobacco processor
9. Star Scientific Inc. - cigarette and nicotine gum manufacturer
10. Universal Corporation - leaf tobacco processor
11. UST Inc. - moist smokeless tobacco and cigar manufacturer

1.12 Tobacco Subsidiary Products

Philip Morris / Altria

Updated January 23, 2004

BEVERAGES

Coffee

General Foods Int'l Coffees
Gevalia
Maxim
Maxwell House
Sanka
Starbucks*
Yuban

Powdered Soft Drinks

Country Time
Crystal Light
Kool-Aid
Tang

Ready-to-Drink

Capri Sun*
Country Time
Crystal Light
Kool-Aid Bursts
Tang
Total Balance

Frozen Treats

Mr. Freeze
Kool-Aid Slushies

CONVENIENT MEALS

Bacon

Oscar Mayer
Louis Rich

Cold Cuts

Oscar Mayer
Louis Rich

Dinner Kits

Stove Top Oven Classics
Taco Bell*

Frozen Pizza

California Pizza Kitchen*
DiGiorno
Jack's
Tombstone

Hot Dogs

Oscar Mayer

Macaroni & Cheese Dinner

Kraft
Kraft Easy Mac
Velveeta

Lunch Combinations

Lunchables

Meat Alternatives

Boca

Meat Snacks

Tombstone

Pastas and Sauces

DiGiorno

CHEESE

Cottage Cheese

Knudsen
Light n' Lively

Cream Cheese

Temp-tee

Grated Cheese

Kraft

Natural Cheese

Athenos
Churny
Cracker Barrel
DiGiorno
Handi-Snacks
Harvest Moon
Hoffman's
Kraft
Polly-O

Process Cheese

Kraft Deluxe
Old English
Velveeta

Loaves Process Cheese Slices

Kraft Deli Deluxe
Kraft Free Singles
Kraft Singles
Kraft 2% Milk Singles
Velveeta

Process Cheese Sauce

Cheez Whiz

Process Cheese Spread

Easy Cheese

GROCERY

Baking Chocolate/Coconut

Baker's

Breakfast Beverage

Postum

Coating Mix

Shake 'n Bake
Oven Fry

Baking Powder

Calumet

Condiments

Grey Poupon
Kraft
Sauceworks

Cooked Cereal

Cream of Wheat

Barbecue Sauce

Bull's-Eye
Kraft

Dog Biscuits

Milk-Bone

Cereal Bars

Nabisco

Dips
Kraft**Dry Packaged Desserts**

Dream Whip
D-Zerta
Jell-O
Minute

Ready-to-Eat Cereals

Post
Alpha-Bits
Banana Nut Crunch
100% Bran
Waffle Crisp
Toasties
Blueberry Morning
Cinna-Cluster Raisin Bran
Cranberry Almond Crunch
Frosted Shredded Wheat
Fruit & Fibre
Golden Crisp
Grape-Nuts
Great Grains
Honey Bunches of Oats
Honeycomb
Nabisco (Puerto Rico only)
Natural Bran Flakes
Oreo O's
Pebbles*
Raisin Bran
Shredded Wheat
Shredded Wheat 'n Bran
Spoon Size Shredded Wheat

Snacks

Stella D'oro
Teddy Grahams
Wild Thornberry's*
Cookies
Barnum's Animals
Biscos
Café Crème
Cameo
Chips Ahoy!
Crispin (Puerto Rico only)
Dad's
Danish (Puerto Rico only)
Famous Chocolate Wafers
Family Favorites
Old Fashioned
Ginger Snaps
Hony Bran (Puerto Rico only)
Konitos (Puerto Rico only)
Lorna Doone
Mallomars
Marshmallow Twirls
Nabisco (Puerto Rico only)
National Arrowroot
Newtons

Fruit Preservatives

Ever Fresh

Frozen Whipped Topping

Cool Whip

Pasta Salads

Kraft

Pickles/Sauerkraut

Claussen

Rice

Minute Rice

Salad Dressings

Good Seasons
Kraft
Seven Seas

Spoonable Dressing

Kraft Mayo
Miracle Whip

Stuffing Mix

Stove Top

Crackers

Air Crisps
Better Cheddars
Cheese Nips
Club Social (Puerto Rico only)
Crown Pilot
Doo Dad
Flavor Crisps
Harvest Crisps
Honey Maid
Nabisco Grahams
Nabs
Premium
Ritz
Royal Lunch
SnackWell's
Stoned Wheat Thins
Sportz (Puerto Rico only)
Sultana (Puerto Rico only)
Triscuit
Uneeda
Wheatsworth
Wheat Thins
Zwieback

Snack Nuts

Corn Nuts
PB Crisps
Planters

Energy Bars

Balance
Oasis Bars

Ice Cream Topping

Kraft

Pectins

Certo
Sure-Jell

Pie Crusts

Honey Maid
Nilla
Oreo

Sour Cream

Breakstone's
Knudsen

Steak Sauce, Marinade, Worcestershire

A. 1.

Toaster Pastries

Kool Stuf

Yogurt

Breyers*
Jell-O
Light n' Lively

Margarine

Parkay (Puerto Rico only)

Ice Cream Cones

Comet Cups

Packaged Food Combinations

Handi-Snacks
Lunchables

Refrigerated Ready-to-Eat Desserts

Jell-O
Handi-Snacks

Sugar Confectionery

Altoids
Callard & Bowser
CremeSavers
Jet-Puffed
Kraft Caramels
Life Savers
Milka L'il Scoops
Nabisco Fun Fruits
Terry's
Tobler
Toblerone
Trolli

Snacks, Continued

Nilla
Nutter Butter
Oreo
Peak Freans
Pecan Passion
Pecanz
Pinwheels
SnackWell's
Social Tea
Sweetie Pie (Puerto Rico only)

Miller Brands**

Miller Beer	Miller Genuine Draft
Miller High Life	Leinenkugel
Sharp's non-alcohol brew	Southpaw
Milwaukee's Best	ICEHOUSE
Meister Brau	Red Dog
Magnum Malt Liquor	Pale Rider
Henry Weinhard's	Fuggles Pale Ale
Hamm's	Old Thumper Extra Special Ale
Olde English 800 Malt Liquor	Shanghai
Mickey's Malt Liquor	Celis
Shipyard Export Ale	Presidente
Goat Island Ale	Prelude Ale
Blue Fin Stout	Mystic Seaport Pale Ale
Longfellow Ale	Chamberlain Pale Ale
Sirius	Sheaf Stout
Molson	Foster's Lager

United States Smokeless Tobacco Company

WINES

Chateau Ste. Michelle
Columbia Crest
Domaine Ste. Michelle
Villa Mt. Eden
Conn Creek
Northstar
Snoqualmie

*Kraft is the distributor for these brands:

- Breyers is a registered trademark owned and licensed by Unilever, N.V.
- Capri Sun is a registered trademark of Rudolf Wild GmbH & Co. KG, used under license.
- California Pizza Kitchen is a trademark owned and licensed by California Pizza Kitchen, Inc.
- Jenny Craig is a registered trademark of Jenny Craig, Inc., used under license.
- Pebbles is a registered trademark of Hanna-Barbera Productions, Inc. Licensed by Hanna-Barbera Productions, Inc.
- Starbucks is a registered trademark of Starbucks U.S. Brands Corporation.
- Nickelodeon and all related titles, characters and logos are trademarks owned and licensed by Viacom International Inc. All rights reserved.
- Taco Bell is a registered trademark owned and licensed by Taco Bell Corp.

**Altria Group, Inc. holds a 36% economic interest in SABMiller plc as a result of the 2002 Miller Brewing Company merger into South African Breweries plc, which formed SABMiller plc, the world's second-largest brewer.

2.00 GRANT AGREEMENT

PURPOSE

To provide a statement of the rules of the HNVF program and the conditions under which funds are provided, as well as to provide a standard for monitoring Recipient performance.

BACKGROUND

A written agreement is developed for each project at the beginning of the program year.

POLICY

The Grant Agreement outlines the types of services to be provided by the Recipient and the regulations that must be followed. It also describes the responsibilities and procedures to be observed by the City.

The Agreement consists of the following:

1. A standard agreement that describes the following elements:
 - A. Agreement Term including beginning and ending date. This is usually 12 months for service projects.
 - B. Program Coordination requirements, including how contract will be administered.
 - C. Obligations of Contractor
 - D. Monitoring and Evaluation
 - E. Amendment Requirements
 - F. Suspension or Termination requirements and procedures
 - G. Program Income Requirements
2. The following six attachments:
 - A. Recitals
 - B. Payments to Contractor
 - C. Scope of Services and Financial Report
 - D. General Grant Requirements
 - E. Insurance Requirements
 - F. Employee/Volunteer Clearance Verification

2.10 Scope of Services and Goals

PURPOSE

To provide a clear statement of the activities and goals that are funded under the agreement.

BACKGROUND

The Scope of Services section of the Grant Agreement is developed by project staff and City staff using the project's HNVF application as a guide.

POLICY

The Scope of Services section (Exhibit C in the Grant Agreement) is unique for each project. This Exhibit includes the following sections for each project:

1. Project. This section contains a description of the primary purpose of the project.
2. Project Area. This section describes the area served by the project.
3. Eligibility. This section identifies those elements that make the project eligible for HNVF funding and includes client documentation requirements.
4. Project Implementation. This section describes each service or activity of the project, desired outcome measures, productivity (numeric) goals by quarter, measurement methodologies, reporting requirements, and schedule. This section also includes requirements for documentation of unduplicated participants, operating hours, and any special funding conditions.
5. Staff. This section describes the personnel to provide the contracted services, whether funded by HNVF or not. This section also cites the hiring requirements for any staff position funded by HNVF.

2.20 Budget Development

PURPOSE

To outline the process for developing a budget and to identify those cost categories funded by the grant.

BACKGROUND

As part of the Grant Agreement development process, project staff and City staff cooperate in the development of the project budget. The budget is the summary by cost category of all anticipated eligible expenses that are necessary to implement the project.

PROCEDURE

To prepare the Budget, the parties will do the following:

1. Prepare a budget on the Financial Report (Form 2.22). The budget for the total grant should include all direct expenses attributable to the City project and a portion of indirect expenses determined according to an indirect cost allocation plan detailed on the Financial Report. The budget portion of the Form 2.22 should list only HNVF-funded expenses, not total project expenses.
 - In the column titled "Budget Line Item Description," list the items to be paid by this grant.
 - In the column titled "Annual Contract Budget," list the dollar amount for each item included in your budget. This dollar amount should reflect only HNVF-funded expenses, so that the Grand Total, Funded Expenses equals the HNVF grant amount.
2. Under Section A "Personnel Expenses," list all project staff to be paid by this grant. Include the employee's name, position title, and the Full Time Equivalent (number of hours worked on the project per week divided by 40) to be charged to the grant. Salary listed in Section A for each staff person should include only actual salary paid to the employee, and should not include any fringe benefits, payroll taxes, or workers' compensation costs. Fringe benefits, including payroll taxes and workers' compensation, should be listed under Section B "Fringe Benefits." Only staff listed on the Financial Report may be paid by this grant.
3. Under Section C "Non-Personnel Costs," list each general and specific non-personnel line item to be paid by this grant, including a brief description where appropriate. Refer to Section 2.21 for guidelines on eligible costs in this category.
4. Sometimes a Recipient will share costs between projects. These costs are **Indirect Charges** (they are sometimes called "direct pro-rated"). These charges occur when the Recipient wishes to use HNVF funds to pay for a portion of an expenditure according to an allocation formula. Identify all indirect (pro-rated) expenditures attributable to activities within the project. Next to the line items that are indirect costs, indicate the percent of the total cost to be charged to this grant. Also include a brief explanation of how that percentage was determined. Indirect cost allocation formulas may be based on square footage of a building occupied by project staff, proportion of the total budget funded by HNVF, or some other appropriate rationale.

5. List the names of any vendors, consultants, or contractors to be paid by this grant. This may apply to the Audit or Contract Services line items. Vendors, consultants, or contractors not listed on the Financial Report may not be paid with HNVF funds.

Review funding commitments received from all donors and funding agents to support project activities. List these on the Financial Report under Sections D, E and F titled "Source of Funds."

- In the section titled "Source of Funds," list all the other sources of funds the Recipient will apply to this project.
 - In the column titled "Code Number," list the appropriate code for that source of funds. The explanation of codes can be found at the bottom of the form. The codes indicate the level of commitment of funds.
 - In the column titled "Use of Funds," explain what the funds may be used for. Some funders place restrictions on the items that may be paid for with their grants. If there are no restrictions on the funds, write "Unrestricted" or "Operating Expenses" in this column.
 - In the column titled "Amount," list the dollar amount being provided by each funder.
 - At the bottom of Section D "Source of Funds," total all the Code 1 funds. Although other funds may be listed, only include Code 1 (Firm Commitment) funds in this calculation.
 - In the section titled "Non-City Source of Funds," list all non-City grants for your agency. Then repeat all other columns as listed above.
 - In the section titled "Any Other City Funding," list all other sources of funds received for the Agency from the City of San José. Then repeat all other columns as listed above.
7. After the budget has been developed and approved in the contract, the Annual Contract Budget column on the Financial Report (Form 2.22) will be locked and may be modified through the process detailed in Section 2.42, Budget Changes.

2.21 Allowable Cost Categories

PURPOSE

To classify expenditures correctly into those categories which are eligible grant expenditure categories.

BACKGROUND

Two types of Cost Categories are allowable: Personnel Costs and Non-Personnel Costs. Each type of cost category will be handled differently in the event a budget modification is necessary during the program year.

PROCEDURE

Proposed costs are to be grouped as described in the following section related to the Financial Report (Form 2.22). All project expenditures must be within the amount budgeted for each cost category and the principles outlined in Section 3.10, "Identifying Allowable Expenditures." Special requirements for certain cost categories are further described in this manual.

1. Personnel Costs

- A. **Personnel Salaries.** Personnel expenses reflect positions identified on the approved Financial Report (Form 2.22), and are to be based on the actual amount of time each position spends on and is paid by the project. Personnel must be hired in accordance with Section 3.30 and timecards kept as required by Section 3.40.
- B. **Fringe Benefits.** Eligible payroll-related costs of health insurance, retirement fund contributions, FICA, Workers' Compensation, and other payments made on behalf of the employee.

2. Non-Personnel Costs

These costs are usually indirect or shared costs that must be justified in a cost allocation plan. (Refer to Budget Development, Section 2.20) These costs can only be charged to the HNVF grant with prior written approval by the City.

- A. **Supplies.** Consumable commodities that have a useful life of one year or less, and valued under \$500.
- B. **Printing.** Cost of xerography and printing, whether done in-house or through an outside printer. Supplies such as paper or fluids for a copy machine owned or leased by the organization for project use may be charged to this category.
- C. **Travel - Local.** Costs for mileage and conference expenses within Santa Clara County. Payment for actual mileage only for staff or volunteers. Requirements for documenting mileage are explained in Section 3.50.
- D. **Travel - Other.** All travel and conference expenses outside Santa Clara County. Payment to employees and volunteers for actual mileage. Out-of-state travel is not allowed except as approved in advance and in writing by the City.

- E. Communication. Costs for telephone, telephone installation, leasing of phone equipment, and postage. Requirements for telephone call expenditures are explained in Section 3.60, Telephone Calls and Communication Expenditure
- F. Utilities. Costs associated with gas, electricity, water, and trash removal.
- G. Occupancy. 1) Appropriate portion of rental charges for real property, i.e. office space for the project attributable to this funding or 2) Occupancy costs for a building owned by the Recipient may be included as a budgeted item if: (a) it is necessary for the services provided under the grant; and (b) costs are allocated among funding sources; and (c) the amount charged is calculated as specified in OMB Circular A-122 if the organization is also receiving Federal funds.
- H. Insurance. Insurance required for operation of project. (Workers' Compensation Insurance should be included in Fringe Benefits.)
- I. Equipment Rental. Rental costs for equipment that is essential for the operation of the project.
- J. Equipment Purchase. Purchase of equipment essential for the operation of the project in those instances in which it is more cost effective to purchase equipment than it is to rent it. Includes any item with a useful life of more than one year and a cost greater than \$500. Requirements for the purchase of equipment are explained in Section 3.70, Equipment Purchase.
- K. Contracted Services. Professional and technical services not performed by project staff. In order to be paid with HNVF funds, contracts must meet the requirements of Section 3.80, Contract Services (under \$10,000), and must be included on the Financial Report (Form 2.22). A written agreement or Memorandum of Understanding between the project and the provider of contracted services must be on file with the Recipient agency.
- L. Audit Fees. Recipients funded by the City are required to have an independent audit performed at the end of their fiscal year. The entire period covered by the HNVF grant (July to June) must be audited; this may require the Recipient to obtain two financial audits if the Recipient's fiscal year differs from the City's fiscal year. In selecting an auditor, bids must be obtained from at least three qualified sources. Budget may include the City portion of audit fees. Contractor must be included on project's Financial Report (Form 2.22).
- M. Other (Specify). Include eligible expenses not listed elsewhere. Generally this line item should not exceed one percent (1%) of the grant request. If project is proposing to use an indirect cost rate, the total amount should be listed here as "Indirect Costs" or "Overhead." A project may use an indirect cost rate only if the rate has been approved by the Recipient's "cognizant Federal agency" and documentation of the approval is submitted or if the project submits a certification by the Recipient's auditor that the rate was determined in accordance with OMB Circular A-122 if the organization is also receiving Federal funds. If overhead is not a Federally-negotiated overhead rate, a A-122 letter from the auditor needs to be submitted.

3. Total Expenses. Total cost of Personnel, and Non-Personnel Expenses.

2.22 Financial Report Form

Form 2.22

HNMF FINANCIAL REPORT FOR FY 07-08

Name of Agency: <input type="text"/>		Project ID: <input type="text"/>						
Project Name: <input type="text"/>		Date: <input type="text"/>						
Budget Line Item Description	Annual Contract Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative YTD Grand Total	% of Funds Spent YTD	Balance of Funds Available
A. Personnel Expenses (name, position title, FTE charged to grant)								
	0.00					0.00	=DIV/0!	0.00
	0.00					0.00	=DIV/0!	0.00
	0.00					0.00	=DIV/0!	0.00
	0.00					0.00	=DIV/0!	0.00
	0.00					0.00	=DIV/0!	0.00
	0.00					0.00	=DIV/0!	0.00
	0.00					0.00	=DIV/0!	0.00
Total Salaries	0.00	0.00	0.00	0.00	0.00	0.00	=DIV/0!	0.00
B. Fringe Benefits	0.00					0.00	=DIV/0!	0.00
Sub-Total, Personnel Expenses	0.00	0.00	0.00	0.00	0.00	0.00	=DIV/0!	0.00
Operating Expenses (if cost is a shared, indirect cost, include cost allocation formula and %)								
C. Non-Personnel Costs								
Travel - Local	0.00					0.00	=DIV/0!	0.00
Program Supplies (Provide description)	0.00					0.00	=DIV/0!	0.00
Printing	0.00					0.00	=DIV/0!	0.00
Utilities	0.00					0.00	=DIV/0!	0.00
Communication	0.00					0.00	=DIV/0!	0.00
Equipment Rental (Provide description)	0.00					0.00	=DIV/0!	0.00
Equipment Purchase (Need prior City approval)	0.00					0.00	=DIV/0!	0.00
Occupancy	0.00					0.00	=DIV/0!	0.00
Insurance	0.00					0.00	=DIV/0!	0.00
Contract Services (Provide vendor names)	0.00					0.00	=DIV/0!	0.00
Audit Fees	0.00					0.00	=DIV/0!	0.00
Overhead	0.00					0.00	=DIV/0!	0.00
Sub-Total, Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00	=DIV/0!	0.00
Grand Total, Funded Expenses	0.00	0.00	0.00	0.00	0.00	0.00	=DIV/0!	0.00

I hereby certify that the above claim is accurate and includes only allowable actual costs incurred to provide services in accordance with the terms of the contract.
I hereby certify that the claims submitted herein have not been, and will not be, reimbursed by any other funding source.

Authorized Agency Signature

Date

Analyst Approval

Date

Source of Funds

D. Source of Funds (list all other funding for this project, e.g. "School Partnerships" Program), including subsidized rent and utilities, and other City of San Jose funding:			
Funding Source	Code Number	Use of Funds	Amount
1. Total - (Code 1 only)			0.00
2. SJ HNVF Grant			
3. TOTAL PROJECT FUNDING			0.00
E. Non-City Source of Funds (list all Non-City Grant sources of funding for your agency, e.g. Project Collaborations, including subsidized rent and utilities)			
Funding Source	Code Number	Use of Funds	Amount
Total			0.00
F. Any Other City Funding (list all sources of funding for any City-Funded Activity for your agency, including subsidized rent and utilities)			
Funding Source	Code Number	Use of Funds	Amount
Total			0.00

1. **Firm Commitment.** Requires an agreement or letter confirming funding.
2. **Anticipated Renewal of Existing Grant.** Continuation of a grant that was received in the current year and is expected to be continued.
3. **Anticipated Revenue.** A realistic projection of fees or donations including in-kind donation of space and equipment based on current level.
4. **Application Pending.** Applications submitted and expected to be received. Include applicant's date.
5. **Other.** Do not assign a monetary value.

I hereby certify that the above information is complete and accurate.

Authorized Agency Signature	Date	Analyst Approval	Date
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2.23 Instructions on Completing the Financial Report (Form 2.22)

PURPOSE

To provide instruction on completing the Financial Report (Form 2.22).

BACKGROUND

The Financial Report must be submitted on a quarterly basis in order to report on HNVF grant expenditures.

POLICY

1. The Budget Line Item Description and Annual Contract Budget columns will be completed during contract/budget development as detailed in Section 2.20. These columns will then be locked, and may only be modified through the process described in Section 2.42.
2. At the end of each quarter, the Recipient must submit a Financial Report detailing the expenditures of the grant award for that particular quarter. List actual expenses paid during the quarter in question in the appropriate column; the total may be less than or greater than the HNVF grant installment paid for that quarter.
3. The Personnel Expenses section should include only fringe benefits and salary actually paid to the employees during the quarter being reported. Salary accrued or earned but not paid out during the quarter should not be listed. The exception to this is the final pay period of June; because the salary earned during this last pay period will likely be paid out in July (of the following program year), this accrued salary may be included on the fourth quarter Financial Report.
4. Provide appropriate updates to the Source of Funds table at the bottom of the form.
5. The Financial Report (Form 2.22) must be submitted by the 30th of the month following the end of the first, second, third, and fourth quarters.
6. Items listed on the Financial Report that are not eligible expenditures as described in Section 2.21 will be disallowed. This includes equipment or contract services not procured in accordance with the policies described in Sections 3.70 and 3.80. The Recipient will reimburse all disallowed costs to the City. The City may also recover disallowed costs by withholding the appropriate dollar amount from one of the Recipient's award installments or the retention payment.

2.24 Example of a Completed Financial Report (Form 2.22)

Form 2.22

HNVF FINANCIAL REPORT FOR FY 07-08

Name of Agency: Seniors R' Us		<input type="checkbox"/> CHECK IF REVISION					Date: 7/5/2007	
Project Name: Senior Healthy Habits		Project ID: SH200						
Budget Line Item Description	Annual Contract Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative YTD Grand Total	% of Funds Spent YTD	Balance of Funds Available
A. Personnel Expenses (name, position title, FTE charged to grant)								
Hector Rodriguez, Program Manager .20 FTE	5,000.00					0.00	0.00%	5,000.00
Shayrice Jackson, Staff Specialist .25 FTE	4,000.00					0.00	0.00%	4,000.00
Joe Nguyen, Health Coordinator .15 FTE	3,000.00					0.00	0.00%	3,000.00
	0.00					0.00	#DIV/0!	0.00
	0.00					0.00	#DIV/0!	0.00
	0.00							
	0.00					0.00	#DIV/0!	0.00
Total Salaries	17,000.00	0.00	0.00	0.00	0.00	0.00	0.00%	17,000.00
B. Fringe Benefits	4,189.00					0.00	0.00%	4,189.00
Sub-Total, Personnel Expenses	21,189.00	0.00	0.00	0.00	0.00	0.00	0.00%	21,189.00
Operating Expenses (if costs is a shared, indirect cost, include cost allocation formula and %)								
C. Non-Personnel Costs								
Travel - Local	0.00					0.00	#DIV/0!	0.00
Program Supplies (exercise mats, water)	750.00					0.00	0.00%	750.00
Printing	525.00					0.00	0.00%	525.00
Utilities	800.00					0.00	0.00%	800.00
Communication	0.00					0.00	#DIV/0!	0.00
Equipment Rental (Provide description)	0.00					0.00	#DIV/0!	0.00
Equipment Purchase (Need prior City approval)	0.00					0.00	#DIV/0!	0.00
Occupancy	0.00					0.00	#DIV/0!	0.00
Insurance	750.00					0.00	0.00%	750.00
Contract Services (Provide vendor names)	0.00					0.00	#DIV/0!	0.00
Audit Fees	986.00					0.00	0.00%	986.00
Overhead	0.00					0.00	#DIV/0!	0.00
Sub-Total, Operating Expenses	3,911.00	0.00	0.00	0.00	0.00	0.00	0.00%	3,911.00
Grand Total, Funded Expenses	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00%	25,000.00

I hereby certify that the above claim is accurate and includes only allowable actual costs incurred to provide services in accordance with the terms of the contract.
I hereby certify that the claims submitted herein have not been, and will not be, reimbursed by any other funding source.

Authorized Agency Signature

Date

Analyst Approval

Date

2.30 Processing the Grant Agreement

PURPOSE

To identify the steps necessary to finalize the Grant Agreement and establish the costs to be paid under the grant.

BACKGROUND

A draft Grant Agreement based on the Recipient's application will be prepared by HNVF staff. A number of additional documents are necessary to complete the agreement process.

PROCEDURE

The project contact person will be notified of any documents needed by Grants Staff to complete the process. Review the draft agreement prepared by HNVF staff and discuss any proposed changes with the assigned Analyst. Complete and sign the required documents and return them to the assigned Analyst. Other than the Grant Agreement itself, required documents will include the Financial Report (Form 2.22) and the signed Tobacco Control Policy.

Please remember that any staff or contracts for which the Recipient will seek payment **MUST** be listed on the Financial Report (Form 2.22). If staff or contractors are added or changed, the Recipient must follow the procedures described in the following pages and submit a revised Financial Report (Form 2.22) and an Agreement/Budget Modification Form (Form 2.43).

2.40 Amending the Grant Agreement

PURPOSE

To outline the process for making changes to the Grant Agreement or budget.

BACKGROUND

The Grant Agreement provides the basis for making expenditures and monitoring the funded project. If the Recipient wishes to change goals or the costs to be paid by this grant, the Recipient must follow the procedures appropriate for the type of change to be made.

PROCEDURE

Some changes require prior City approval, while other changes only require providing notification to the City. The table below summarizes the types of approval and forms required for various programmatic and budget changes. All program or budget modification requests must be submitted by May 1st.

Item to be Changed	Requirements	Submit Form 2.43 Request for Agreement Modification	Submit Revised Form 2.22 Financial Report	Amend Contract
Major change in goals or scope of service	requires prior written approval from City	X		X
Change in total funding amount	requires prior written approval from City	X	X	X
Change in personnel charged to the grant, provided it causes no reduction to project staff or change in positions approved in the contract	requires written notification only from Agency		X	
Change in pay rate, FTE charged to grant, or total dollar amount charged to the grant for an employee	requires written notification only Agency		X	
Shift funds between line items, Personnel, General cost or Specific cost categories (as defined in Section 2.21). Budget changes under \$200 do not require prior approval or notification.	requires prior approval from City and written notification for changes over \$200 from Agency	X	X	
Change of vendor (auditor, contractor, or consultant)	requires written notification only from Agency		X	

2.41 Programmatic Changes

PURPOSE

To outline the process for amending the Grant Agreement to change goals, revise job descriptions, or modify the staff positions allocated to the project.

BACKGROUND

The Grant Agreement includes a Scope of Services for the project. The Scope of Services is used as a guideline for project monitoring and determining whether personnel expenses are eligible for payment. Expenses will not be paid if the request is for a position not shown in the budget or if the percentage of salary paid is greater than that shown in the authorized budget.

The Scope of Services can be amended at any time, (provided there is no increase in the total amount of funding specified in the Agreement), by a request from the Recipient. All changes to the Scope of Services require prior written approval by the City.

The Recipient may use the Request for Agreement Modification (Form 2.43) included in this manual to request these changes.

POLICY

Goals

During the period covered by the agreement, the Recipient may wish to modify the timing or number of activities described in the Scope of Services. To do so, the Recipient must submit the Request for Agreement Modification (Form 2.43) describing the proposed change and the reason for the change. Reasons could include a change in program emphasis with other goals increased or a cut in other funding supporting the project.

Staffing

During the period covered by the agreement, the Recipient may wish to change the positions allocated to the project or the percentage of a position allocated to the project. To do so, the Recipient must submit Form 2.43, Request for Agreement Modification describing the proposed change and the reason for the change. Reasons could include agency restructuring or a loss of other funds.

Changes in staff assigned to approved positions (new hires or job rotations) do not require prior approval; however, the hiring procedures described in this manual must be followed and documentation must be maintained. Any new personnel or changed assignments must be reflected on a revised Financial Report (Form 2.22) in order to be paid with HNVF funds.

2.42 Budget Changes

PURPOSE

To outline the procedures for making changes to the Project Budget.

BACKGROUND

The Grant Agreement includes a budget for the project. This budget is used as a guideline for the payment of project expenses. Expenses will not be paid if total expenditures to date exceed the amount shown in the budget.

Budget line item changes under \$200.00 are permitted without a Request For Agreement Modification Form. All line item budget modification requests \$200.00 and over must be submitted to the HNVF Grants unit by May 1 of each year, provided there is no increase in the total amount specified in the Agreement, by a request from the Recipient, approved in writing by the City. Some changes require notification in writing only and other changes require prior written approval as outlined in the following section.

Use the Request for Agreement Modification (Form 2.43) included in this manual to request changes.

POLICY

Budget changes or modifications can be shifted between Personnel Costs and Non-Personnel Costs. Budget modifications are to be directly related to project services and activities. All funding shifts between these categories \$200.00 and over require prior written approval.

WITHOUT PRIOR CITY STAFF APPROVAL: Recipients may make budget modifications under \$200.00 by shifting funds between Personnel Costs and Non-Personnel Costs, provided that the number of staff and the types of position classifications are not changed from those approved in the project's Scope of Services.

WITH PRIOR WRITTEN CITY STAFF APPROVAL: A budget modification that will cause a reduction in staff or a change in position classifications from that contained in the Scope of Services must be specifically approved in writing by the City. Budget changes over \$200.00 must be submitted and approved through the Agreement Modification Process described in this section.

2.43 Request For Agreement Modification Form

CITY OF SAN JOSÉ
ADMINISTRATIVE SERVICES DIVISION
HNVF REQUEST FOR AGREEMENT MODIFICATION (FORM 2.43)

Project ID: _____
Project Name: _____
Agency Name: _____

1. Mark the type of modification requested:

PROGRAMMATIC

- GOALS _____
- STAFFING _____
 - Job description _____
 - Reduction in project staffing levels _____

BUDGET _____

2. Describe the change you would like to make (attach a revised Financial Report [Form2.22] or Activity Report [Form5.11]).

3. Explain why this change is necessary. (Some reasons may be: Expenditure was not budgeted; other funding source has been cut; goals have been added, changed, or increased; etc.)

4. **Budget Modifications Only**

In what way will your proposed budget modification(s) affect your project's ability to meet its goals?

Is your allocation of costs affected by this change? If so, please make the appropriate changes on the financial report including the cost allocation explanation and percent.

(Authorized Agency Signature) Date

(Analyst Approval) Date

(Senior Analyst Approval) Date

3.00 PROJECT EXPENDITURES AND AWARD PAYMENT PROCESS

PURPOSE

To outline the process for identifying allowable expenditures and receiving timely payments.

BACKGROUND

Payment of the HNVP award will be made in five installments following procedures detailed in the next section.

POLICY

1. HNVP is a cost-based award program. Thus, the Recipient may only use grant funds for eligible expenses actually incurred and paid during the program year.
2. The grant award will be paid to the Recipient in five installments. Each of the first four installments is a quarterly payment that comprises a quarter of the grant award, minus 10% retention. The fifth and final payment is the 10% retention. Funds not expended by the end of the program year will be deducted from the 10% retention or repaid to the City (if the amount of unexpended funds is greater than the retention payment).
 - a. The first installment will be paid to the Recipient upon execution of the Grant Agreement between the City and the Recipient.
 - b. The second installment will be paid upon submission and approval of the first quarter's required reports (Activity Report [Form 5.11] and Financial Report [Form 2.22]).
 - c. The third installment will be paid upon submission and approval of the second quarter's required reports (Activity Report [Form 5.11] with responses to outcome measure questions, Financial Report [Form 2.22]).
 - d. The fourth installment will be paid upon submission and approval of the third quarter's required reports (Activity Report [Form 5.11] and Financial Report [Form 2.22]).
 - e. The fifth installment will be paid upon submission and approval of the fourth quarter's required reports (Activity Report [Form 5.11] with responses to outcome measure questions, Financial Report [Form 2.22]).
 - f. **CONDITION OF PAYMENT FOR EACH OF THE FIVE INSTALLMENTS:** For any payment to be released, the Financial Report (Form 2.22) must be approved and the Activity Report (Form 5.11) must indicate that the project is meeting at least 80% of each stated goal, and no outstanding issues resulting from Grants Staff monitoring of the project should exist. If outstanding issues exist or if the project has not met 80% of each goal, the Recipient must work with the assigned Analyst to develop a satisfactory Corrective Action Plan to address the issues. When this Plan is approved, the next payment may be released to the Recipient.
3. Under special circumstances, modification to the five installment payment plan may be necessary. This may be done at the discretion of and upon written approval from the Deputy Director of the Parks, Recreation and Neighborhood Services Department.

4. All expenditures of HNMF grant funds must:

- Be used to pay for necessary and reasonable expenses to implement the activities required by the agreement with the City;
- Be within the limits of the approved project budget; and
- Meet the guidelines listed under 3.10, Identifying Allowable Expenditures.

Further, the name of any employee or contractor to be paid with HNMF funds must be on the approved Financial Report (Form 2.22), if applicable (personnel, contract services, audit fees).

In some cases, it is necessary to disburse grant award payments on a reimbursement basis. The Grant Agreement will specify whether the Recipient will receive the grant award on an installment or reimbursement basis.

Checks are mailed to the Recipient agency. According to City Finance Department policy, checks are not available to be picked up in person.

3.10 Identifying Allowable Expenditures

PURPOSE

To provide a means to evaluate whether project expenses are allowable.

BACKGROUND

HNVF funds are used to pay for necessary and reasonable expenses to implement the activities required by the agreement with the City.

POLICY

1. Limitation of Expenditures

- A. The Recipient shall not expend funds provided under the contract prior to the commencement of the contract or subsequent to the suspension or termination of the contract.
- B. Expenditures shall be made in accordance with the budget schedule and shall meet the criteria established for allowable costs.
- C. Expenditures shall be in direct support of the project which is the subject of the contract. The Recipient shall notify the City in writing of any expenditures for items jointly used for any other project(s) and the expenditures shall be apportioned according to the percentage of direct use in the project.

2. Allowable and Unallowable Costs

- A. To be eligible for payment, costs must be in compliance with the principles as set forth:
 - 1. Expenditures must be necessary and reasonable for the proper and efficient performance of the program. The City shall have final authority to determine in good faith whether an expenditure is "necessary and reasonable";
 - 2. Expenditures must be within a cost category authorized by the City in the project's Grant Agreement and included in the approved budget;
 - 3. Where applicable (personnel, contract services, audit fees), the employee or vendor paid must be listed on the approved Financial Report (Form 2.22);
 - 4. Expenditures must be consistently treated. The Recipient must utilize the same procedures in calculating costs for its HNVF-funded activities as for its non-HNVF assisted activities;
 - 5. Expenditures must conform to the limitations within this manual and to any governing statutes, regulations, and ordinances;
 - 6. Expenditures must be fully documented and determined in accordance with approved accounting procedures;

7. Expenditures must not be included as a cost charged to any other grant in either the current or a prior period;
8. Expenditures must be the net amount of all applicable credits such as purchase discounts, rebates, sales, or other income or refunds;
9. Costs must be allocable to the HNVF program in accordance with an approved cost allocation plan listed on the Financial Report (Form 2.22); and
10. Source documentation must be maintained with complete and accurate records of all financial transactions, including but not limited to: contracts, invoices, timecards, cash receipts, vouchers, canceled checks, bank statements, and/or other official documentation evidencing in proper detail the nature and propriety of all charges.

B. The following costs, among others, are not allowed:

1. Bad debts: any losses arising from uncollectable accounts and other claims, and related costs;
2. Contingencies: contributions to a contingency reserve or any similar provisions for unforeseen events;
3. Contributions and donations;
4. Entertainment: costs of amusements, social activities and incidental costs such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity;
5. Fines and penalties: costs resulting from violations of or failure to comply with Federal, State, and local laws and regulations;
6. Interest and other financial costs: interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith;
7. Fundraising activities;
8. Membership expenses: costs of membership in any organization that devotes a substantial part of its activities to influencing legislation;
9. Non-competitive subcontracts: payments under a subcontract not obtained under competitive bidding procedure, unless the requirement for such a procedure is specifically waived by the City;
10. The cost of equipment over \$500 for which price and rate quotations were not obtained from an adequate number of sources; and

11. With the exception of fourth quarter payment for Personnel, accrued costs are not allowed. Accrued costs are defined as items of expense that have been incurred during a period, but have not yet been paid.

3.20 Documenting Expenditures

PURPOSE

To describe the records which must be maintained regarding expenditures.

BACKGROUND

A summary of project expenditures must be submitted as described in Section 2.23, Instructions on Completing the Financial Report. Recipient must maintain source documentation on site and make it available for the City when requested.

POLICY

The general standard is that all accounting records must be supported by source documentation. Supporting documentation is necessary to show that the costs charged against HNVF funds were incurred during the effective period of the Recipient's agreement with the City, were actually paid out, were expended on allowable items, and had been approved by the responsible officials in the Recipient organization.

The source documentation must explain the basis of the costs incurred, as well as show the actual dates and amount of expenditures. Examples:

- With respect to payroll, source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from Board of Directors meetings where salary schedules and benefit packages are established, copies of written personnel policies, W-4 forms, etc. For staff time charged to the HNVF program activity, time and attendance records should be available as further described in Section 3.40, Timecards. Canceled checks from the employees, insurance provider, etc., or evidence of direct deposits will document the actual outlay of funds.
- With respect to the cost of space and utilities, space costs must be supported by documentation such as rental or lease agreements. Utility costs will be supported by the bills from the utility companies. Both types of expenses will be supported by canceled checks. If the cost of space or utilities is split between HNVF funds and other funding sources, a reasonable method must be in place to allocate the charges fairly among the sources and the method must be described on the Financial Report (Form 2.22).
- With respect to supplies, documentation would include purchase orders or requisition forms initiated by an authorized representative of the Recipient, an invoice from the vendor (which was approved by the Recipient to indicate that the goods were received), the canceled check from the vendor demonstrating that payment was made, and information regarding where the supplies are being stored and for what cost objectives they are being used.

Special Documentation Requirements

In addition to the general documentation requirements, certain types of expenditures require specialized procedures or record-keeping. These requirements are described in the following sections:

Personnel Costs

3.30 Hiring Guidelines

3.40 Timecards

Direct Non-Personnel Costs

3.50 Mileage and Travel Expenditures

Specific or Indirect Non-Personnel Costs

3.60 Telephone Calls and Communications Expenditures

3.70 Equipment Purchase

3.80 Contract Services (under \$10,000)

3.30 Hiring Guidelines

PURPOSE

To establish a uniform hiring process for personnel paid for with HNVF funds.

POLICY

Hiring of all personnel paid for in full or in part by HNVF funds must include the following:

- a. Job opening must be advertised widely (newspaper, or mailings);
- b. Notification of job announcement must be given to the Employment Development Department of the State of California; and
- c. All qualified candidates must be interviewed and the person most capable of doing the job selected.

In addition, all job announcements must inform prospective applicants that the position is funded under a City of San José HNVF grant.

Prior Authorization and Notification to City

To hire new personnel, Recipients need not obtain prior authorization from the City. The hiring requirements listed above must be observed. Recipients must also submit a revised Financial Report (Form 2.22) in order for the salary of the new employee to be paid by the grant.

3.40 Timecards

PURPOSE

To outline the standards for keeping time records for positions to be paid with HNVF funds.

BACKGROUND

All Recipients funded by HNVF must document that expenditures are clearly grant related.

POLICY

All requests for payment of employee salaries must be supported by timecards kept at the project site and available to HNVF staff.

These records must meet the following standards:

1. Each employee, whether exempt or non-exempt, shall complete and sign a timecard documenting the hours worked. Such timecard must also be signed by an authorized supervisor.
2. The timecard must show hours worked and hours allocated to benefit categories, including vacation, sick leave, and holidays if applicable.
3. If an employee's time is split between HNVF and another funding source, time distribution records must exist supporting the allocation of charges among the sources on the basis of actual time worked.
4. Time allocated to benefit categories must be consistent with the Recipient's personnel policies in terms of allowable number of hours and whether the time is paid or unpaid.
5. Benefits must be consistently treated for all funding sources. For example, if HNVF employees are eligible for paid overtime, all employees in the same circumstances must be eligible for overtime.

3.50 Mileage and Travel Expenditures

PURPOSE

To define the process by which mileage and travel for the Recipient's employees and volunteers may be paid with HNVF funds.

BACKGROUND

Eligible mileage and travel costs for employees and volunteers that are necessary to carry out the services as provided in the Recipient's agreement with the City may be paid with HNVF funds. Mileage and travel not necessary for the project, or of a personal nature, are not eligible for payment with HNVF funds. Volunteers authorized by the project to be reimbursed for mileage relating to services for the project must possess valid and current liability insurance.

POLICY

Mileage

It is the policy of the HNVF program that the Recipient must use a mileage reimbursement system that contains written records of: (1) who drove the vehicle, (2) the number of miles driven on each day, and (3) the purpose of the trip, in such detail that it relates to services of the project. The mileage form is to be signed by the employee and the employee's supervisor.

Travel

It is the policy of the HNVF Program that travel by the Recipient's employees be reimbursed only if necessary for carrying out the HNVF project. Travel costs include conferences, lodging, food, and other non-mileage costs. For either local or non-local travel, it is the City's policy that costs be kept to a minimum without preventing a quality service from being provided.

Local Travel

Local travel is defined as travel within Santa Clara County. This travel is to be reported on the mileage form noted above or on a separate statement, if mileage is not included.

Non-Local Travel

Non-Local travel is travel to a location outside of Santa Clara County. No prior approval is required for these trips, except for out-of-state travel. Out-of-state travel is not allowed, except as approved by the City on a case-by-case basis. All non-local travel is to be reported on the mileage form noted above or on a separate statement if mileage is not included.

3.60 Telephone Calls and Communications Expenditures

PURPOSE

To define the process by which telephone calls may be paid with HNVF funds.

BACKGROUND

Recipients, as a normal part of their operations, make both local and non-local phone calls. To the extent that these phone calls are necessary to carry out the HNVF project, the costs of the phone calls and the monthly cost of supporting the phone system are eligible for payment with HNVF funds. If the HNVF funding is less than the project's total funding, phone costs are reimbursable at a percentage equal to the level of HNVF funding when compared to total project funding or at the approved Indirect Cost Allocation Rate.

POLICY

It is the policy of the HNVF program to allow for necessary phone expenses related to the HNVF project to be paid with HNVF funds. These expenses are both for the calls and for the equipment rental or lease, monthly service charges, and other costs on the phone bills. The following are exceptions to calls that are eligible:

- Costs for telephone calls and communications must be allocated in accordance with the guidelines detailed in Section 2.23 of this manual.
- If the project is solely funded by HNVF, all costs necessary for the operation of the project are eligible to be paid with HNVF funds, with the exception of the items noted below.

Out-of-State Calls

All out-of-state calls must be supported by a one or two sentences detailed description of the purpose of the call and its relationship to project activities.

Personal Phone Calls

Calls listed on the phone bill that are personal in nature must be removed from the phone bill prior to the phone expense being paid with HNVF funds and listed on the Financial Report (Form 2.22). This may be done by crossing off those calls from the bill prior to applying the Indirect Cost Allocation Rate. Those calls will thus be charged to another funding source or to the individual making the call.

Fund Raising Calls

Calls made for the purpose of raising funds for the project are not eligible because fundraising is an ineligible HNVF expense.

3.70 Equipment Purchase

PURPOSE

To provide a procedure for purchasing equipment paid for in whole or in part by City or HNMF funds.

BACKGROUND

Equipment is defined as tangible property costing more than \$500 and having a useful life of more than one year. The purchase of equipment is generally ineligible, because equipment is usually expensive, and can generally be rented at a lesser cost for a short period of time. Because of limited funding available to individual projects, equipment will only be purchased if absolutely necessary for operation of the project. Thus, rental of equipment is recommended over purchase of equipment. While all purchases of equipment require prior written City approval, the City will review each equipment purchase request on a case-by-case basis, thereby allowing more flexibility. In making purchases, price or rate quotations should be obtained from an adequate number of qualified sources. Items costing less than \$500 and that have a useful life of less than one year are considered to be supplies and are to be included in the Supplies cost category rather than the Equipment category.

POLICY

The purchase of equipment, fixtures, motor vehicles, or furnishings that are not an integral structural fixture, is ineligible except when necessary for use by the City or an organization in the administration of the overall HNMF grant or as part of the administration of a public service project.

The City has the option to obtain the equipment from the Recipient when HNMF funding of the project ends. The review of the type of equipment to be purchased will include its possible usefulness to the City. The City may also permit the Recipient to retain the equipment at the time the funding ends.

Title of Property. Title to any personal property used in the performance of the services and work specified in this agreement shall be as follows:

- a. Personal property donated or purchased with funds other than those of HNMF shall become the property of Recipient or person specified by the donor or funding source; otherwise, the same shall become the property of the City of San José except for property and equipment as described in subparagraph (b) hereof.
- b. Personal property and equipment permanently affixed to buildings owned by Recipient shall become the property of Recipient.
- c. All other personal property, supplies, and equipment purchased pursuant to this agreement and not consumed shall become property of the City of San José.

3.80 Contract Services (under \$10,000)

PURPOSE

To define the process by which a Recipient funded by the HNVF program enters into contracts under \$10,000 paid for in whole or in part by HNVF.

BACKGROUND

Please note that this section refers only to contracts for materials and services under \$10,000. If the contract in question exceeds \$10,000, if it is \$2,000 or more and includes construction, or if the contract assigns any of the Recipient's responsibilities under the Grant Agreement to another entity, additional requirements apply. See the project's assigned Analyst for these requirements.

It may be necessary for a Recipient to contract with persons, organizations, or others to meet the obligations explained in its Grant Agreement with the City. This is necessary if the Recipient is not able to provide all of the services required by the Grant Agreement with the City. Possible reasons a Recipient may need to hire an outside contractor include the following: to perform the Agency financial audit, to provide a guest speaker at a conference, to supply transportation for clients, or to provide counseling service to clients. This is a list of examples, and is not a comprehensive list.

POLICY

Procurement Requirements

The standards and procedures for procurement are intended to ensure that supplies, equipment, construction, and other services acquired in whole or part with City funds:

- are obtained as efficiently and economically as possible; and
- are procured in a manner that provides, to the maximum extent practical, open and free competition.

The general requirements for procurement include the following:

1. Written selection procedures for procurement transactions must be in place, and the procedures must be adequate to ensure the following:
 - A. The purchase of unnecessary or duplicate items is avoided. Where appropriate, an analysis should be made of lease versus purchase alternatives.
 - B. All purchase orders (and contracts) are signed by the authorized official(s) of the Recipient organization;
 - C. Items delivered and paid for are consistent with the purchase order and/or contract for the goods or services;

- D. Timely payment to vendors occurs once the order is delivered, inspected, accepted, and payment is authorized; and
 - E. A cost analysis is performed for every procurement action, including contract modifications, and documentation to that effect is maintained in the Recipient files.
- 2. A Recipient must maintain records to detail the significant history of a procurement. A Recipient must maintain files on the rationale for selecting the methods of procurement used, selection of contract type, the contractor selection/rejection process, and the basis for the cost or price of a contract.
 - 3. Pre-qualified lists of vendors/contractors, if used, must be current, developed through open solicitation, include adequate numbers of qualified sources, and must allow entry of other firms to qualify at any time during the solicitation period. If a Recipient uses a pre-qualified list of vendors, the process used to develop that list must be available for City review.

Small purchases (under \$10,000) may be made through the use of purchase orders. For purchases between \$5,000 and \$10,000, competition must be sought through written price quotations. A Recipient must document the receipt of an adequate number of price or rate quotations (at least three) from qualified sources. For purchases under \$5,000, it is not necessary to obtain three quotes.

Documentation of the process used to select the contractor must be kept in Recipient's files, available for City review.

If a subcontractor is used, subcontract must contain the following items:

- 1. Name of subcontractor
- 2. Address
- 3. Telephone
- 4. Social security number
- 5. A clause by which either party may, with twenty (20) days notice to the other party, terminate the agreement; an exception to such a termination clause is a contract which includes an alternative statement of non-City involvement in the contract.
- 6. The specific types of services to be provided.
- 7. An hourly or monthly rate to be paid and the total contract dollar amount.
- 8. A contract termination no later than the end of the current HNVF fiscal year.
- 9. Signature of a person authorized by the Recipient's Board of Directors to execute agreements.

All contracts requiring City approval must be submitted at least ten (10) days prior to their implementation and prior to having been signed by the subcontractor.

Contractor shall not assign any interest in this agreement, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the City.

Expenditures pertaining to subcontracts must be supported by properly executed documents evidencing the nature of the charges.

In order to be paid with HNVF funds, the contract must be included on the Recipient's approved Financial Report (Form 2.22). In the event that monitoring indicates that procurement was not conducted in accordance with the policies detailed above, the expenses in question will be disallowed and must be reimbursed to the City as described in Section 2.23, Instructions on Completing the Financial Report (Form 2.22).

4.00 RECORD-KEEPING

PURPOSE

To describe the type of records which must be maintained by HNMF Recipients.

BACKGROUND

HNMF Recipients must maintain records that are accurate, complete, and orderly. These records must be available for City review.

POLICY

The Recipient must maintain three basic types of records:

1. Administrative Records: These are files and records that apply to the overall administration of the Recipient's HNMF activities. They include the following:
 - A. Personnel files;
 - B. Property management files;
 - C. General program files, including those relating to the Recipient's application to the City, the Grant Agreement, program policies and guidelines, correspondence with City, reports, etc.; and
 - D. Legal files, including articles of incorporation, by-laws of the organization, tax status, board minutes, contracts, and other agreements.
2. Program Records: These records, described more fully in Sections 4.10 Maintaining Program Records, 4.20 Client Record Documentation, and 4.30 Maintaining Financial Records, include project and case files which document the activities undertaken with respect to specific individual beneficiaries, property-owners, and/or properties.
3. Financial Records: These include the chart of accounts, manual on accounting procedures, accounting journals and ledgers, source documentation (purchase orders, invoices, canceled checks, etc.), procurement files, bank account records, financial reports, audit files, etc. More information on these records is included in Section 4.30, Maintaining Financial Records.

All records must be maintained for a period of four (4) years from the date of final payment to the Recipient under the Agreement with the City.

4.10 Maintaining Program Records

PURPOSE

To describe the type of records to be maintained by the Recipient documenting program services.

BACKGROUND

HNVF Recipients must maintain records that identify the program's clients and clearly document the type and number of services provided.

POLICY

Recipients must maintain the following:

1. Documentation of Services: A summary of project services is to be submitted quarterly on the Activity Report (Form 5.11). Back-up documentation of services is to be maintained by the project in program files. Documentation may include announcements of activities, sign-in sheets, and reports.
2. Documentation of Clients: Client documentation is to be recorded on intake forms kept in project files as more fully described in Section 4.00 Record Keeping, 4.10 Maintaining Program Records, 4.20 Client Record Documentation, and 4.30 Maintaining Financial Records. Information is to be summarized and submitted quarterly on the Activity Report (Form 5.11).

4.20 Client Record Documentation

PURPOSE

To define the process by which Recipients document client eligibility for services under the HNMF program.

BACKGROUND

Each organization receiving City or HNMF funds is required to keep documentation on the participants they serve. As a condition of receiving the HNMF grant, the Recipient must be able to show that San José residents are being served. To maintain records that are adequate for that purpose, a system of documentation is necessary.

In addition to documentation for statistical purposes, the City must have access to the names of the clients. The HNMF staff shall maintain the confidentiality of any information regarding applicants.

POLICY

It is the policy of the City that the Recipient keep an intake record of each client served. This record will include the following:

1. Client name
2. City of residence

The project must also keep records on the number of unduplicated participants (persons served by the program, counted only once during the year) and report this information on the quarterly Activity Report (Form 5.11).

4.30 Maintaining Financial Records

PURPOSE

To outline the requirements for maintaining financial records under the HNVF program.

BACKGROUND

A Recipient receiving HNVF funds must maintain a financial management system sufficient to provide effective control over and accountability for all funds.

POLICY

The requirements for financial management systems and reporting must be in accordance with Generally Accepted Accounting Principles (GAAP). The following financial records are the minimum documents required to be maintained by each Recipient.

1. Bookkeeping Journals and Ledgers

Cash receipts journal, cash disbursements journal, expense journal, general journal, and general ledgers must be maintained. Back-up documentation for the journal entries must be kept and properly filed. Documentation must include invoices, bills and other receipts, deposit slips, bank statements, check stubs, check books, canceled checks, purchase orders, petty cash records and other as required.

2. Payroll Records

Payroll records will show actual gross earnings, net amounts paid, and the deductions for each individual staff member by pay period. If an employee is paid by more than one fund or program, the payroll journal must reflect the distribution of time and money against each fund or program.

Back-up documentation must include: 1) canceled paychecks, 2) tax records, 3) workers' compensation records, and 4) individual time sheets. These records must be available for audit and review.

3. Petty Cash Record

A petty cash fund may be established to take care of small item payments. All such payments must be supported by petty cash vouchers and receipts and must be payments for eligible expenses. When the fund is almost depleted, a check should be issued to the petty cash custodian for the total amount of paid vouchers. This action would return the fund to its original amount. The amount of the fund is left to the discretion of the Recipient.

4. Time Records

Time records should be kept indicating actual time paid, including types of time such as sick leave, vacation leave, compensatory time, etc. Time sheets should be kept by the day and signed by the employee and supervisor.

The Recipient shall maintain a system of internal control in accordance with GAAP. Internal control consists of the plan or organization and all the coordinating methods and measures

adopted within an organization to safeguard its assets, check the adequacy and reliability of its accounting data, promote operating efficiency, and assure adherence to prescribed management policies.

In the event the project ceases to exist, copies of all records relating to the project or activity that are the subject of the contract shall be furnished to the City.

Financial reports required to be prepared and submitted by the Recipient to the City shall be accurate and correct in all respects. Should inaccurate reports be submitted to the City, the City may elect to have the Recipient secure the services of a licensed accounting firm at the sole expense of the Recipient.

5.00 MONITORING PROCESS FOR HNVF PROJECTS

PURPOSE

To define the process by which the City fulfills its responsibility to monitor the performance of HNVF-supported projects.

BACKGROUND

The monitoring process involves desk review and on-site visits by HNVF staff and has two components: (1) programmatic and (2) financial. The primary purposes of the monitoring process are to assess progress in meeting the goals identified in the Grant Agreement Scope of Services and to provide the basis for reports to the HNVF Advisory Committee and the City Council on the achievement of the project's goals and objectives. Monitoring involves the review of the project's reports on the activities and expenditures of the project.

The monitoring process outlined below is oriented toward resolving problems, offering technical assistance, and promoting timely implementation of projects. City staff is available to give technical assistance to project staff upon request. Working closely together, most problems will be resolved quickly.

Corrective Actions to address causes for the failure of a project to meet its goals may occasionally be recommended by HNVF staff in its Monitoring Report to the HNVF Advisory Committee. Corrective Actions included in the Monitoring Report are reviewed, revised at the discretion of the Committee, and adopted by the HNVF Advisory Committee.

POLICY

It is the policy of the City that after the funding level for each project has been determined by the HNVF Advisory Committee, an agreement (Scope of Service) is developed by the Recipient and HNVF Staff directly from the project proposal. This agreement contains specific goals and objectives including a program budget. The Grant Agreement and this Policy and Procedures Manual provide the basis for program monitoring.

Initial Steps in the Monitoring Process

Each Recipient is required to attend any mandatory training sessions provided during the year to review the grant requirements as outlined in the agreement and manual.

At the beginning of the funding period, each Recipient should submit copies of the following agency policies to its assigned Analyst: different from actual submissions – should we include them i.e. articles of incorporation, by-laws, personnel policies and procedures and 501(c)(3) designation. If these policies are revised during the year, new copies shall be submitted by the Recipient.

Programmatic Monitoring

The Scope of Services (Exhibit C in the Grant Agreement) describes project activities that are to be accomplished by the Recipient each quarter, and the level of service anticipated for each activity.

Each quarter, an Activity Report (Form 5.11) is to be submitted by Recipient to the City on forms provided by the City. The reports should be submitted postmarked or hand delivered to the City by the 30th of the month following the end of the first, second, third and fourth quarters. The City operates on a June through July fiscal year. The forms summarize activities and services provided during the quarter, problems encountered and steps taken to resolve problems, client statistics, and any significant changes in project or personnel.

Periodic on-site visits, further described in Section 5.20 Site Visits and 5.21 Sample Monitoring Form, will also be held by City to review program records.

City/Project Meetings

As a result of quarterly reports or on-site visits, discussions may be held with project directors to provide technical assistance and/or to review project performance that does not appear to be sufficient to meet quarterly goals.

If a significant problem develops in a project during the year, City staff will call a special meeting with project staff to discuss and resolve the problem. Examples of such problems include the following:

1. Services are not documented
2. Goal is not being met
3. Inaccurate fiscal reporting/Inappropriate spending
4. Project files not in order
5. Required reports not submitted in a timely manner

Monitoring Reports

The statistics submitted on the quarterly Activity Report (Form 5.11) are used as the basis for the Monitoring Report. Monitoring Reports are submitted to the HNMF Advisory Committee twice a year. These reports outline whether projects have met or exceeded their goals, substantially met the goals, or not met them. If goals are not met, Corrective Actions are identified as appropriate.

Financial

The Recipient shall appoint and submit in writing to the City the name of a fiscal contact who shall be responsible for the financial and accounting activities of the project, including the receipt and disbursement of project funds. This fiscal contact must be appointed by the Board of Directors or by the person authorized by the Board of Directors to sign documents on behalf of the Recipient.

The Recipient shall also establish and maintain a system of accounts that shall be in conformance with generally accepted accounting principles for budgeted funds. This system of accounts shall be subject to review and approval by the City.

The program budget outlines all anticipated expenses in each cost category. The cost categories (personnel, supplies, rent, etc.) are defined in Section 2.21, Allowable Cost Categories of this Policy and Procedures Manual.

As projects are implemented, a report of grant fund expenditures (Form 2.22, Financial Report) must be postmarked or hand delivered to the City by the 30th of the month following the end of

the first, second, third and fourth quarters on forms supplied by the City. HNVF Staff and the City Finance Department review the requests and identify questionable or ineligible expenses and/or areas where documentation is not complete. Contact is made with the project contact person to clarify the item and, in response, the Recipient may send additional or corrected material to staff. By doing so, expenses are monitored on an on-going basis by City staff.

5.10 Activity Reports

PURPOSE

To describe the summary Activity Reports to be provided by Recipients.

BACKGROUND

Recipients are required to summarize quarterly activities on reports to be submitted to the City as part of the monitoring process.

POLICY

1. Activity Report

The Activity Report (Form 5.11) should be used by Recipients to submit information on project activities. Page 1 of the report is a statistical summary of the performance of contract goals for the HNMF portion of the program only. The report lists the participant, numeric, and outcome goals with space to show performance each quarter.

Page 2 of the report provides space for the Recipient to report changes in personnel, policy changes, any problems encountered, and details of semi-annual outcome measurement.

PLEASE NOTE: If these changes involve an Agreement Modification and/or a change to the project's Financial Report, the appropriate forms (Form 2.43, Request for Agreement Modification and Form 2.22, Financial Report respectively) must be submitted.

The Activity Report (Form 5.11) must be submitted quarterly; it is due by the 30th of the month following the end of the first, second, third and fourth quarters.

2. Outcome Measure Reports

At the end of the second and fourth quarters, Recipient shall answer the relevant questions on the Activity Report (Form 5.11), detailing results of the outcome measures.

3. Reporting Schedule

All required reports shall be submitted to the HNMF office no later than the 30th of the month following the end of the first, second, third and fourth quarters.

5.11 Activity Report Form

5.11 Activity Report Form

CITY OF SAN JOSÉ
ADMINISTRATIVE SERVICES DIVISION
HNVF ACTIVITY REPORT
2007-2008

Project#: EH...

Date:

Check if Revised: ☐

Project Title: Project Title

PROGRAM COMPONENTS

2007-2008 Units of Service per Quarter

1 2 3 4

Unduplicated Participants

Total Program

Goal

Actual

Total HNVF Grant

Goal

Actual

LONG-TERM OUTCOMES/PERFORMANCE MEASURES/ACTIVITIES
((HNVF PORTION OF PROGRAM ONLY))

LONG-TERM OUTCOME #1: Insert long-term outcome

A. Performance Measure(s)

1. Performance #1

Goal

Actual

2. Performance #2

Goal

Actual

B. Measurement Methodology

1. Surveys etc.

2. Pre-post etc.

C. Activity 1: Insert Activity

Number of Sessions

Goal

Actual

Number of Participants

Goal

Actual

D. Activity 2: Insert Activity
Number of Sessions

Goal				
Actual				

Number of Participants

Goal				
Actual				

E. Activity 3: Insert Activity
Number of Sessions

Goal				
Actual				

Number of Participants

Goal				
Actual				

F. Activity 4: Tobacco Activity
Number of Sessions

Goal				
Actual				

Number of Participants

Goal				
Actual				

QUARTERLY UPDATE QUESTIONS

Please answer each question below.

1. Did the project meet all goals for the past quarter? If not, please explain and provide a plan for addressing the shortfall in upcoming quarters.
2. During the past quarter, did the agency receive notification of changes in current funding or new funding for this project? If yes, please describe.
3. Does the agency anticipate making changes in personnel or personnel policies? If yes, see the HNVF Policy and Procedures Manual for possible requirements.
4. Does the agency anticipate entering into any subcontracts paid with HNVF funds? If yes, describe proposed contract and see the HNVF Policy and Procedures Manual for further requirements.
5. Did the agency receive program income from HNVF-related activities? Detail program income on the quarterly Financial Report.
6. Did the agency identify the need for any budget changes in the upcoming quarter? If yes, submit a budget modification form.
7. Did the agency approve minutes of Board meetings in the past quarter? If yes, please attach minutes.
8. Does the agency anticipate changing the location of its office in the coming quarter? If yes, see the HNVF Policy and Procedures Manual for requirements.
9. During the past quarter, did the agency make any changes to its program policies or project clientele? If yes, please describe the changes.
10. State progress toward non-numerical project goals/activities during the past quarter.

2ND AND 4TH QUARTER OUTCOME MEASURE QUESTIONS

(to be completed at the end of the second and fourth quarters)

1. How do the activities being provided under this grant contribute to meeting the performance measures stated in the contract?
2. Describe in detail how the performance measurement methodology was implemented. What information was collected to gauge success on performance measures?
3. When and how was the information collected?
4. Describe the characteristics and size of the total population being studied.
5. What was the sample size used for the study?
6. How was the sample size determined?
7. How was the sample selected?

QUARTERLY AGENCY INFORMATION UPDATE

Please update your agency contact information below to ensure that your agency contact person receives all necessary documents:

Project Contact/Program Manager:	
Address:	
Email Address:	
Telephone:	
Fax:	

Fiscal Contact:	
Address:	
Email Address:	
Telephone:	
Fax:	

AUTHORIZATION

I, the undersigned, certify that the information contained in this report is complete and correct.

Name:	
Signature:	
Date:	

5.20 Site Visits

PURPOSE

To describe the information to be reviewed by City staff on site visits.

BACKGROUND

As part of the monitoring process, an Analyst will periodically visit project offices and service sites.

POLICY

Site visits are primarily designed to ascertain that eligible clients are being served and that client information is being recorded. Additionally, numerical goals and program objectives are routinely monitored for accurate reporting to the HNVF Advisory Committee.

HNVF staff visit project offices to discuss the project's activities and to begin the preparation of the Monitoring Report. These visits will cover all aspects of the projects, and methods will be developed to resolve any problems that are identified in coordination with the Recipient. Documentation of activities is examined during these visits.

Review of Intake Records

One of the primary tasks of on-site monitoring is to document client eligibility. In most cases, the Analyst will view unedited intake records. In some circumstances for reasons related to confidentiality, staff will accept a photocopy of a file with the name blanked out. Even in these cases, some actual intake sheets will be reviewed to determine if the clients sign certifications. To facilitate this process, projects can remove the intake sheets from the files so that the file has no personal identification. The Recipient then can present a stack of unedited intake sheets unconnected to the file containing sensitive information.

Monitoring Form

Section 5.21, Sample Monitoring Form on the next page will be completed by the Analyst at the visit and will be included in the project file.

5.21 Sample Monitoring Form

Agency: _____
 Project: _____ Date: _____ Analyst: _____
 Program Contact: _____
 Fiscal Contact: _____

SITE VISIT	YES	NO	COMMENTS
OUTREACH			
Referrals/Flyers			
INTAKE FORM			
Client Name			
Intake Date			
San José Resident			
Ethnicity			
PROGRAM VERIFICATION			
Sign-in Sheets/Curriculum/ Activity Schedule			
Client Specific Services			
BACK-UP DOCUMENTATION			
Unduplicated Participants			
Performance Measures			
Activity Goals			
Background checks/TB test clearance			
FINANCIAL			
Invoices match request			
Payroll matches salaries			
Timesheets - Signed			
Properly allocated to grant			
Equipment Purchase (if applicable) (do we need this? 3 quotes, serial number)			
Leverage (matching funds)			
Desk Review	Y	N	Y N
ACTIVITY REPORT			FINANCIAL REPORT
Q1: Goals Achieved			Q1: Approved
Q2: Goals Achieved			Q2: Approved
Q3: Goals Achieved			Q3: Approved
Q4: Goals Achieved			Q4: Approved

NOTES

6.00 OTHER PROGRAM REQUIREMENTS

PURPOSE

To provide additional information on certain program requirements.

BACKGROUND

The Grant Agreement outlines all HNVF requirements in the body of the contract and its attachments. Certain requirements are further explained here or repeated for easy reference. These requirements are the following:

- 6.10 Insurance Requirements
- 6.20 Office Location
- 6.30 Program Income
- 6.40 Audits

6.10 Insurance Requirements

For current City of San José insurance requirements, please refer to Exhibit E of the Recipient's Grant Agreement with the City.

6.20 Office Location

PURPOSE

To define the requirements for office locations of Recipients receiving HNVF funds.

BACKGROUND

The City provides funding to a Recipient, who in turn provides services to City residents. Each agreement with the City includes a requirement that the Recipient maintain offices to provide the services offered. The location must be in accordance with City ordinances, and be accessible to the disabled.

PROCEDURE

A Recipient wishing to establish an initial office in San José or to relocate an office must abide by the following procedures:

1. Submit a letter to the City Planning Department requesting determination whether zoning of proposed office is proper for the proposed use.
2. Upon relocation, notify the Grants Unit of the new office location.
3. Types of locations allowed:
 - a. A professional office building
 - b. General commercial space
 - c. Certain exceptions upon proper approval of permits or upon proper rezoning of site
4. Types of locations not allowed:
 - a. Residential
 - b. Manufacturing

There may be exceptions to the above subject to Planning Department authorization.

6.30 Program Income

PURPOSE

To describe what constitutes Program Income for purposes of this agreement.

BACKGROUND

Section 15 of the Grant Agreement provides that any income or earnings received by the Recipient which are directly generated from the use of HNVF funds shall be considered Program Income and shall be reported to the City on a quarterly basis. All Program Income shall: 1) be used solely to offset the operating expenses of the activities funded under this Agreement; and 2) be subject to all the provisions of this Agreement. A further description of Program Income is included in the following section.

PROCEDURE

1. Recipient must identify Program Income. PLEASE NOTE: Most projects do not generate Program Income.

Program Income, for the purposes of the HNVF program, means gross income that is received by a Recipient and has been directly generated from the use of HNVF funds. For those Program Income-generating activities that are only partially assisted with HNVF funds, such income is prorated to reflect the actual percentage of HNVF funds used.

Examples of Program Income:

- proceeds from the disposition by sale or long-term lease (15 years or more) of real property purchased or improved with HNVF funds
- proceeds from the disposition of equipment bought with HNVF funds
- gross income from the use of rental of real property that has been constructed or improved with HNVF funds and that is owned (in whole or in part) by the Recipient. Costs incidental to the generation of the income are deducted from the gross income
- any interest earned on Program Income pending its disposition
- (Please note that this list is not comprehensive and, therefore, other types of funds may also constitute HNVF Program Income.)

Program Incomes does not include proceeds from fundraising activities by Recipients. Any interest that accrues on HNVF funds while deposited in a bank account for a period not to exceed six (6) months shall not be deemed Program Income.

2. If Program Income is received, Recipient must report it to the City and expend it for eligible project activities.

6.40 Audits

PURPOSE

To outline the audit requirements for HNVF.

BACKGROUND

Section 8 of the Grant Agreement requires each grantee to obtain an annual agency audit covering the program year in which the grantee received HNVF funds. If the grantee's fiscal year differs from the City's fiscal year (July 1 – June 30), the grantee will be required to submit financial audits covering the entire program year. This may require submission of two audits.

POLICY

1. All San José HNVF Recipients must submit audit reports conforming to Generally Accepted Auditing Standards.
2. The audit shall contain a review of the following Recipient's financial statements:
 - a. Independent Auditor's Report
 - b. Balance Sheet or Statement of Financial Position
 - c. Statement of Support, Revenue & Expenses and Changes in Fund Balances or Statement of Activities
 - d. Statement of Functional Expenses
3. The audit shall include a Schedule of Governmental Financial Assistance which identifies the gross amounts of grants obtained from the City and other Governmental sources and shows the amount received and disbursed under each grant during the audited fiscal year.
4. The audit shall include a statement indicating that a review of internal controls was performed and identifying material weaknesses and/or reportable conditions, if any. This report is often called a Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards. Recipient shall submit to the City copies of management letters the auditor prepares for the Recipient as a part of the audit engagement.
5. Recipient must respond in writing to any reportable conditions or material weaknesses described in the audit and submit this response to the City.
6. All audits must be performed by Certified Public Accountants currently certified to practice in the State of California. Recipient must include proof of current licensing at the time the audit is submitted to the City.
6. The audit must be submitted to the HNVF staff within one hundred and fifty (150) days of the end of the Recipient's fiscal year.
7. The Recipient's contract with its independent auditor shall require that the audit ascertains and determines that no services provided by the Recipient under the City Grant Agreement are duplicative of services provided to another agency from which the Recipient receives funding and are not being reimbursed from funding received from another agency.

8. Recipient shall obtain three bids for an outside auditor to conduct the Recipient's audit. The agreement with an outside auditor can span a term of multiple years but it is highly recommended that the Grantee rotate independent auditors every three years.
9. Audits for Recipients expending \$500,000 or more in a year in Federal awards shall conform to the requirements of OMB Circular A-133 for Non-Profit Institutions.
11. Please see the current agreement between the City and the Recipient agency for additional details regarding the audit requirement.

7.00 APPEAL PROCESS

PURPOSE

To define the manner by which Recipients may appeal City staff decisions on issues that are of a lesser magnitude than those which would go directly to the City Council for resolution.

Items Not Covered in This Process

1. Contract compliance issues that have resulted in a recommendation for immediate suspension, termination, or severe Corrective Actions on the part of the Recipient.
2. Issues that require the City Attorney's Office to render an opinion.

BACKGROUND

Each Recipient has an agreement with the City that includes contractual obligations, both programmatic and fiscal. This Policy and Procedures Manual, which is incorporated by reference into the agreement, explains procedures and policies for a response to a City decision.

The City staff, either through its monitoring function or through its technical assistance to a Recipient, provides written directions or responses in a variety of subject areas. In situations where disagreements may arise between the City staff and the Recipient regarding implementation of the project, an easy and quick solution may be possible. If such informal resolution proves not to be useful or if an oral decision is not acceptable to the Recipient, the formal appeal process set forth below is available and should be utilized.

To utilize the appeal process effectively, it is necessary to understand the structure of the City staff; an organization chart is attached. The Director of Parks, Recreation and Neighborhood Services is responsible for the overall administration of the City's HNVF program. The Deputy Director of Administrative Services generally acts on behalf of the Director regarding the agreements between the City and the Recipient. The HNVF Senior Analyst is responsible for the day-to-day operations of the agreement, both programmatic and fiscal. Staff Analysts, along with the HNVF Senior Analyst, are assigned to individual projects and are responsible for the day-to-day functions. It is the responsibility of the Senior Analyst and Analysts to become thoroughly familiar with the operations of the project.

As provided throughout the various sections of this Manual, any negative decisions by City staff regarding the programmatic or fiscal aspects of a project must be in writing. The decision must state the rationale and cite the sections of the appropriate regulations, policy manual, and/or other reference. It must advise the Recipient of the proposed Corrective Action and of the Recipient's right to appeal the decision.

POLICY

It is the policy of the City that appeals under this Appeal Process to decisions made by City staff regarding the agreements must be in writing. The appeals must state that it is an appeal, identify what the problem is, what portion of the Agreement or Policy and Procedures Manual is being addressed, what the Recipient wants to be done, what effect a decision other than that desired

would have on the project or the Recipient, and any information that would assist the staff in making a decision.

It is the policy of the City that responses to the appeals will be made by the Senior Analyst and/or Deputy Director of Administrative Services within five (5) working days from receipt of the appeal. The response will be made in writing and will provide the rationale if the response is not the one desired by the Recipient. Sections of appropriate regulations, Policy and Procedures Manual, references, etc. will be cited, as will the consequences of not following the essence of the response.

If there is a disagreement to the decisions of the Senior Analyst and/or Deputy Director of Administrative Services, it must be addressed in writing within five (5) working days after it was received by the Recipient. It is to be addressed to the Deputy Director of Administrative Services and should state the rationale for the disagreement. The Deputy Director of Administrative Services will review the request and will, within five (5) working days from receipt, send a written response. The response from the Deputy Director of Administrative Services, acting as the designee of the Director of the Parks, Recreation and Neighborhood Services, will be the final decision.

During any portion of the appeal process, a Recipient or the City may request a meeting with the other party. If mutually agreed upon, a meeting will take place, but the written requirements of the process are still necessary. It is hoped that the meeting will resolve the appeal and no further action will be necessary.

If the City has questioned some costs and an appeal has been made by the Recipient, the City will not process that portion of the fiscal request until the matter has been resolved.

**7.10 Parks, Recreation & Neighborhood Services
Administrative Services Organization Chart**

